

Joint Subcommittee on Risk Management Plans

Physician Policy Limits
Actuarial Perspective



Impact on Value of Claim

f Scenario 1 - Reduces value of claim

f Scenario 2 - No Impact

Reduces Value of Claim

f No other defendants

- Hospital
- Lab
- Other physicians
- Allied health care professionals
- Physician's corporation

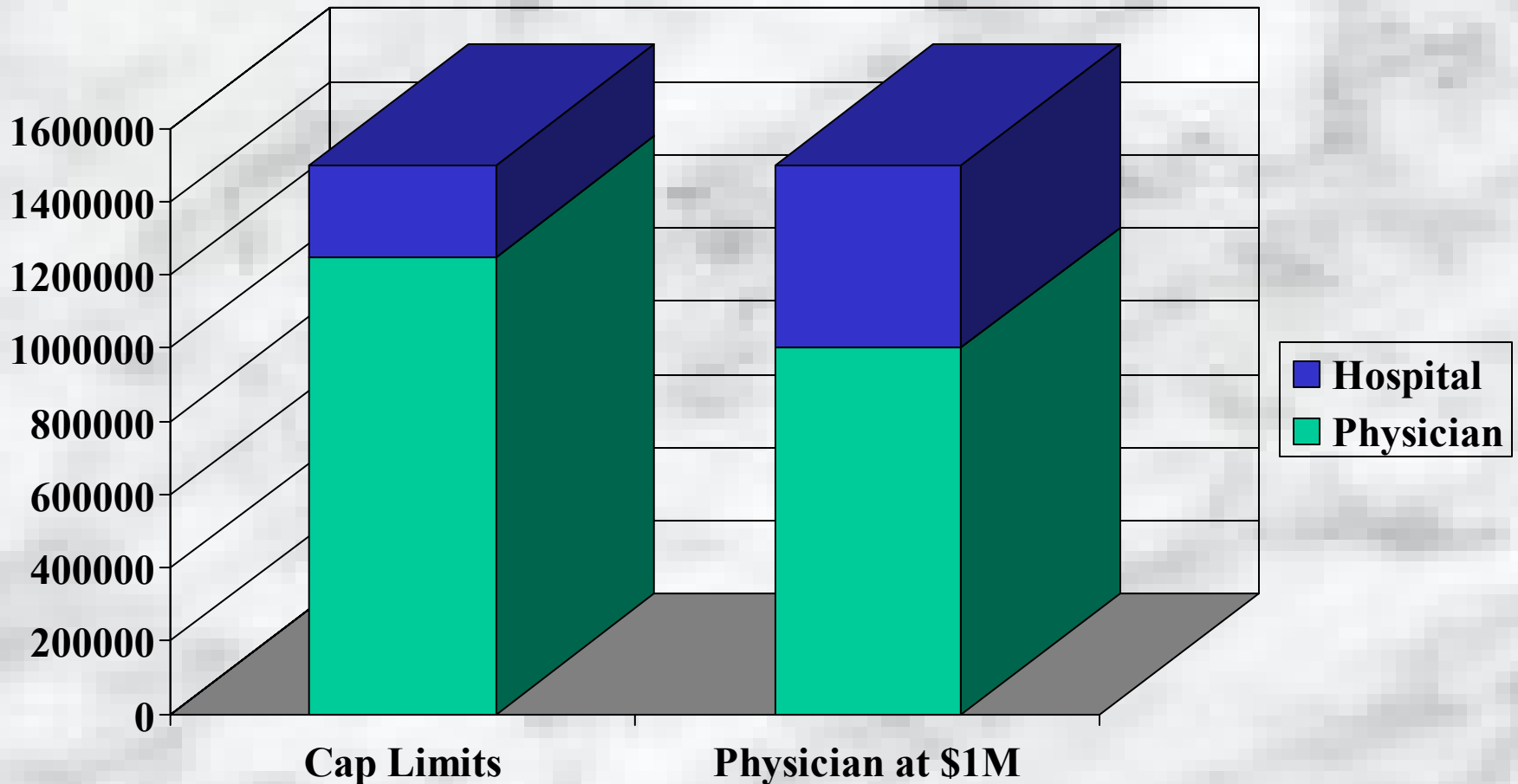
f Personal assets of physician

Reduces Value of Claim

f Original logic for Virginia Cap

- Fair amount
- Reallocation of wealth
- Reduce cost of health care

Example of \$1.5 Million Claim



No Impact on Value of Claim

f Spread cost to others

- Hospital
- Lab
- Allied health care professionals
- Other physicians
- Physician's corporation

No Impact on Value of Claim

Practical Implications

f Joint & Several / Agency

f Defense Costs

f Insurance Costs

Conclusion

- f* Physician Alone – Reduces Compensation
- f* Physician & Other Defendant – Shifts Costs
- f* Potential for Higher Overall Costs